GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:5876
ANSWERED ON:02.05.2003
IMPORT OF INFERIOR TEA
T.M. SELVAGANAPATHI

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government are aware that many tea factories in the country are lying closed due to import of inferior quality of tea in the name of re-export;

(b) if so, the details thereof;

(c) whether the Government have received any proposals from the State Governments to revive the ailing tea industry; and

(d) if so, the details thereof and the action taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI CH. VIDYA SAGAR RAO)

(a)&(b): Closure of some of the tea gardens in the country is not at all due to import of tea for re-export. The continuous fall in prices of tea, coupled with high cost of production has adversely affected the economy of the tea plantations resulting in some tea gardens being abandoned or under lock out in various States. The tea imports into the country are only about 2% of the total indigenous production and more than 95% of the tea imported is re-exported after certain value addition. Import of tea is allowed for re-export in order to increase the price competitiveness of Indian tea in the international market and also to cater to the requirements of international buyers. The teas being imported are not necessarily inferior teas and the practice of blending with Indian teas often serves the purpose of providing teas as per customers choice and making them price-competitive in international markets.

(c)&(d): Government of Kerala had submitted a representation highlighting various issues concerning the plantation industry in Kerala which covered certain proposals for helping the Indian tea industry like abolition of excise duty on tea, suspension of import of plantation crops for re-export, reliefs regarding bank credit, correction of distortions in the primary marketing of tea, subsidy for re-plantation, export subsidy for orthodox tea etc. The major steps taken by the Government to revive the tea industry include notification of the Tea Marketing (Control) Order 2003 and changes in the auction rules to provide for a more transparent price discovery mechanism for tea, abolition of the excise duty of Re.1/- per Kg. and replacing it by an additional duty of excise of Re.1/- per Kg. by way of surcharge for creating a separate fund for development, modernisation and rehabilitation of the tea plantation sector, implementation of a relief package announced by the RBI which provides for restructuring/reschedulement of the loans outstanding in the tea sector from the commercial banks etc., implementation of a factory upgradation scheme, implementation of a medium term export strategy, financial incentives for exporters of tea for meeting part of cost of handling, packaging, transport/freight charges, implementation of a Quality Upgradation Programme etc.